

EMBARGOED UNTIL TUESDAY, NOVEMBER 28, 2006, NOON

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**Wide Racial and Ethnic Disparities Remain in Mortgage Lending:
African Americans and Hispanics Denied More Often, Receive Higher Interest Rates**

African Americans and Hispanics in Ohio were denied mortgage loans more often than whites regardless of income, and those who did receive loans were more likely to obtain loans with high interest rates, according to a new report issued by the Housing Research & Advocacy Center (the "Housing Center") in Cleveland, Ohio.

According to the report, which analyzed 2005 lending data, upper income African Americans in Ohio were denied loans at about the same rates as low income whites. For home purchase loans upper income African Americans were denied 25.20% of the time, compared to a 27.30% denial rate for low income whites. For refinance loans, upper income African Americans were denied loans 44.97% of the time, compared to a 46.70% denial rate for low income whites.

High cost lending revealed similar disparities. Statewide, African Americans obtained high-cost home purchase loans at more than two and one-half times the rate of whites, while Hispanics obtained them at one and two-thirds the rate of whites. African Americans obtained high-cost refinance loans at nearly twice the rate of whites, while Hispanics obtained them at one and one-third the rate of whites. (For first-lien loans, high-cost loans have an interest rate of at least 3% more than the comparable Treasury rate; for second-lien loans, the interest rate is at least 5% more.)

Statewide, upper income African Americans received high-cost home purchase loans 47.51% of the time, compared to 28.50% of the time for low income whites. For refinance loans, upper income African Americans received high-cost loans 44.80% of the time in Ohio, compared to 35.02% of the time for low income whites.

Jeffrey D. Dillman, Executive Director of the Housing Center, stated, "This report presents a disturbing picture of racial and ethnic disparities in mortgage lending throughout Ohio. The fact that upper income African Americans were denied loans at such high rates, and that those who received loans wound up in high-cost ones so often, provides strong evidence of bias in the mortgage industry in Ohio."

The Housing Center's report, entitled "Racial and Ethnic Disparities in Ohio Mortgage Lending," analyzed 2005 mortgage data (the most recent available) provided by lenders to the federal government under the Home Mortgage Disclosure Act (HMDA). The Housing Center examined data for both home purchase loans and for refinancing loans in Ohio and its seven largest metropolitan statistical areas (Akron, Cincinnati, Cleveland, Columbus, Dayton, Toledo, and Youngstown).

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Among the report's other findings:

- The Cleveland MSA stood out for the strength of the racial disparity for home purchase loans: upper income African Americans were denied home purchase loans 30.26% of the time, compared to 21.23% for low income whites.
- For refinance loans, the greatest racial disparity was in the Akron MSA, where 47.20% of upper income African Americans were denied compared to 44.93% of low income whites.
- The racial disparity in high-cost home purchase loans was greatest in the Cleveland MSA, where 58.69% of upper income African Americans received high-cost loans, compared to 13.39% of upper income whites and 23.40% of low income whites.
- For high-cost refinance loans, the racial disparity was greatest in the Toledo MSA, where 50.70% of upper income African Americans received high-cost loans, compared with 21.83% of upper income whites and 38.36% of low income whites.

Dillman continued: "While this evidence by itself does not prove racial discrimination, it raises extremely troubling questions about whether all groups have fair access to mortgage lending. It is up to the lending community to address these disparities in a meaningful way, to ensure that everyone has a fair opportunity to obtain a home mortgage."

The Housing Research & Advocacy Center is a nonprofit fair housing and fair lending organization whose mission is to eliminate housing discrimination and assure choice in northeast Ohio by providing those at risk with effective information, intervention and advocacy. The Housing Center was founded in 1983 as the Metropolitan Strategy Group and changed its name in 2003.

Copies of the report are available by contacting the Housing Center or on its website at <<http://www.thehousingcenter.org>>.

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The full report is available under embargo here:
<http://www.thehousingcenter.org/racialdisparitieslendingreport.htm>

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